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December 20, 2010

LEGEND:

Parent =

Sub 1 =

Sub 2 =

FSub 1 =

Distributing =

FSub 2 =

FSub 3 =

FSub 4 =

FSub 5 =

FSub 6 =

FSub 7 =

FSub 8 =

FSub 9 =

FSub 10 =

FSub 11 =

Controlled =

BO 1 =

BO 2 =

BO 3 =

BO 4 =

RO 1 =

RO 2 =

RO 3 =

RO 4 =

RO 5 =

Country A =

Country B =

Country C =

Country D =

Country E =

Country F =

Country G =

Country H =

Country I =

Country J =

Country K =

Country L =

Country M =

Country N =

City 1 =

City 2 =

Business A =

Business B =

Business C =

Region 1 =

Authority =

Event =

Non-DSAG
Affiliate
Operational
Services =

Non-DSAG
Affiliate
Managerial
Services =

Non-CSAG =

Affiliate
Operational
Services

Non-CSAG
Affiliate
Managerial
Services =

Individual =

Subcontractor =

Component 1 =

Employees =

a =

b =

c =

d =

e =

f =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to your September 24, 2010 letter requesting rulings on certain federal income tax consequences of the transaction. The information provided in that letter and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by the appropriate parties. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

In particular, this office has not reviewed any information pertaining to, and has made no determination regarding, whether the Contribution and Distribution (described below): (i) satisfies the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations, (ii) is used principally as a device for the distribution of the earnings and profits of the distributing corporation, the controlled corporation, or both (see § 355(a)(1)(B) of the Internal Revenue Code and § 1.355-2(d)), or (iii) is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

SUMMARY OF FACTS

Parent is the common parent of an affiliated group whose includible corporations join in filing a consolidated federal income tax return (the "Parent Group"). The authorized and outstanding capital stock of Parent consists of one class of common stock that is publicly traded and widely held.

Parent wholly owns Sub 1, which wholly owns Sub 2, which wholly owns FSub 1, a Country A corporation that was acquired by Sub 2 on Date 1. FSub 1 serves as a holding company for certain Region 1 businesses. As a result of the Distributing Contribution (defined below) described in step (i), FSub 1 wholly owns Distributing, a Country A corporation, and other Region 1 corporations.

Distributing wholly owns FSub 2, a Country B corporation, FSub 3, a Country E corporation, FSub 4, a Country E corporation, FSub 5, a Country D corporation, and FSub 6, a Country D corporation. Distributing owns a Country F entity that is treated as a disregarded entity for U.S. federal income tax purposes, and owns an a% interest in a Country G partnership (the remaining b% interest of which is held by Sub 2) and has a branch office, BO 1, in City 1, Country E, a branch office, BO 2, in Country H, a representative office, RO 1, in Country I, a representative office, RO 2, in Country C, a representative office, RO 3, in Country J, a representative office, RO 4, in Country K, a branch office, BO 3, in Country L, and a branch office, BO 4, in Country M. Each of these branch offices and representative offices is disregarded for U.S. federal income tax purposes.

FSub 3 has a representative office, RO 5, in City 2, Country E that is disregarded for U.S. federal income tax purposes. FSub 5 owns an c% interest in a Country H partnership (the remaining d% of which is indirectly owned by Sub 1 through a disregarded entity). FSub 2 wholly owns FSub 7, a Country N corporation, FSub 8, a

Country N corporation, FSub 9, a Country N corporation, and owns a% of the stock of FSub 10, a Country N corporation (the remaining b% of which is owned by a Parent affiliate unrelated to the Transaction). FSub 7 wholly owns FSub 11, a Country N corporation.

Distributing and the members of its “separate affiliated group” as defined in § 355(b)(3) (the “Distributing SAG”) directly engage in Business A, which is part of Business B engaged in by the Parent Group. Financial information has been submitted indicating that Business A has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

Controlled and the members of its “separate affiliated group” as defined in § 355(b)(3) (the “Controlled SAG”) directly engage in Business C (through FSub 4), which is part of Business B engaged in by the Parent Group. Financial information has been submitted indicating that Business C has had gross receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

The Distribution is motivated, in whole or substantial part, by the following corporate business purpose: to alleviate regulatory issues with the Authority, thereby benefitting the businesses of Distributing and Controlled (the “Corporate Business Purpose”). Following the Distribution, there will be some overlapping directors and officers between the Distributing SAG and the Controlled SAG.

Distributing and its affiliates are currently and will continue to be, and Controlled and its affiliates will be, parties to an intercompany services agreement pursuant to which costs incurred in connection with Business B will be charged and reimbursed.

TRANSACTION

The following steps constitute the transaction (the “Transaction”):

(i) On Date 2, Sub 2 contributed all of the outstanding Distributing stock to FSub 1 in exchange for stock of FSub 1 (the “Distributing Contribution”).

(ii) On Date 3, Distributing declared and distributed a dividend to FSub 1 of approximately \$e of cash or cash equivalents and approximately \$f of property (the “Dividend, and to the extent the Dividend is attributable to previously taxed income (within the meaning of § 959(a)), the “PTI Amount”).

(iii) Distributing will form Controlled as a Country A corporation and contribute to it all of the stock of FSub 2, FSub 4, FSub 5, and FSub 6 (the “Contributed Assets”) solely in exchange for Controlled stock (the “Contribution”).

(iv) Distributing will distribute to FSub 1 all of the stock of Controlled (the "Distribution").

(v) Distributing will transfer to FSub 1 (i) a number of business management services personnel (such employees, the "Shared Business Management Employees"), (ii) a number of corporate services personnel (such employees, the "Shared Corporate Services Employees") who perform services for Parent entities in addition to Distributing, and (iii) Individual to be responsible for managing operations of Region 1.

(vi) The legal ownership represented by bare legal title, but without any of the benefits and burdens of ownership, of the trademarks and trade names used in most of the Region 1 countries will be transferred by Distributing and FSub 4 to FSub 1.

REPRESENTATIONS

The Distributing Contribution

The following representations have been made regarding the Distributing Contribution.

(a) No stock or securities were issued for services rendered to or for the benefit of FSub 1 in connection with the Distributing Contribution, and no stock or securities were issued for indebtedness of FSub 1 that is not evidenced by a security or for interest on indebtedness of FSub 1 which accrued on or after the beginning of the holding period of Sub 2 for the debt.

(b) The Distributing Contribution was not the result of solicitation by a promoter, broker, or investment house.

(c) Sub 2 did not retain any rights in the stock of Distributing transferred to FSub 1.

(d) No liabilities were assumed (as determined under § 357(d)) by FSub 1 in connection with the Distributing Contribution.

(e) No liabilities owed by Sub 2 to FSub 1 were or will be discharged or extinguished in connection with the Distributing Contribution.

(f) Immediately after the Distributing Contribution, the fair market value of the assets of FSub 1 exceeded the amount of its liabilities.

(g) Other than debt incurred in the ordinary course of business, there is no indebtedness between Sub 2 and FSub 1, and there will be no indebtedness created in favor of Sub 2 as a result of the Distributing Contribution.

(h) The Distributing Contribution occurred under a plan agreed upon before the transaction in which the rights of the parties are defined.

(i) All exchanges of Distributing stock for FSub 1 stock in connection with the Distributing Contribution occurred on Date 2.

(j) There is no plan or intention on the part of FSub 1 to redeem or otherwise reacquire any stock issued in connection with the Distributing Contribution.

(k) Taking into account any issuance of additional shares of FSub 1 stock; any issuance of stock for services; the exercise of any FSub 1 stock rights, warrants, or subscriptions; a public offering of FSub 1 stock; and the sale, exchange, transfer by gift, or other disposition of any of the stock of FSub 1 received in the Distributing Contribution, Sub 2 was in "control" of FSub 1 within the meaning of § 368(c).

(l) Sub 2 received FSub 1 stock approximately equal to the fair market value of the Distributing stock transferred to FSub 1 .

(m) FSub 1 will remain in existence as a holding company and retain the stock of Distributing.

(n) There is no plan or intention by FSub 1 to dispose of the stock of Distributing.

(o) Each of Sub 2 and FSub 1 will pay its own expenses, if any, incurred in connection with the Distributing Contribution.

(p) FSub 1 is not (and was not at the time of the Distributing Contribution) an investment company within the meaning of § 351(e)(1) and § 1.351-1(c)(1)(ii).

(q) Sub 2 is not (and was not at the time of the Distributing Contribution) under the jurisdiction of a court in a title 11 or similar case (within the meaning of § 368(a)(3)(A)) and the FSub 1 stock received in the Distributing Contribution will not be used to satisfy the indebtedness of such debtor.

(r) FSub 1 will not be a "personal service corporation" within the meaning of § 269A.

(s) Sub 2 will enter into a gain recognition agreement, satisfying the requirements of § 1.367(a)-8, with respect to the transfer by Sub 2 of the stock of Distributing to FSub 1.

The Dividend

The following representations have been made regarding the Dividend.

(t) Notwithstanding the Dividend and Distribution were approved by Distributing's board of directors pursuant to a single plan of reorganization and the Distribution was intended at the time of the Dividend, the Dividend (i) was distributed at a time when the Distribution remained subject to contingencies, (ii) was not in any respect conditioned upon the Distribution, and (iii) served purposes that were not otherwise accomplished by the Distribution and that would have been beneficial without the Distribution.

The Contribution and Distribution

The following representations have been made regarding the Contribution and the Distribution:

(u) Any indebtedness owed by Controlled to Distributing after the Distribution will not constitute stock or securities.

(v) No part of the consideration to be distributed by Distributing in the Distribution will be received by a shareholder as a creditor, employee, or in any capacity other than that of a shareholder of Distributing.

(w) The five years of financial information submitted on behalf of Business A (as conducted by the Distributing SAG), represents the present operations of the business, and regarding the business, there have been no substantial operational changes since the date of the last financial statement submitted.

(x) Other than the consequences of the Event, the five years of financial information submitted on behalf of Business C (as conducted by FSub 4), represents the present operations of the business, and regarding the business, there have been no substantial operational changes since the date of the last financial statement submitted.

(y) Following the Distribution, other than (i) Non-DSAG Affiliate Operational Services, (ii) Non-DSAG Affiliate Managerial Services, and (iii) any subcontracting of services to a member of the CSAG as a Subcontractor for one of Distributing's Component 1 clients the DSAG will continue the active conduct of the Business A independently and with its separate employees.

(z) Neither Business A conducted by the Distributing SAG nor control of an entity conducting this business will have been acquired during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. § 1.355-3) in whole or in part, excluding in each case acquisitions that constitute expansions as contemplated by

Treas. Reg. § 1.355-3(b)(3)(ii) of Business A. Distributing will have been the principal owner of the goodwill and significant assets of Business A for tax purposes throughout the five-year period ending on the date of the Distribution. Following the Distribution, the DSAG will continue to be the principal owner of the goodwill and significant assets of Business A.

(aa) Following the Distribution, other than (i) Non-CSAG Affiliate Operational Services, (ii) Non-CSAG Affiliate Managerial Services, and (iii) any subcontracting of services to a member of the DSAG as a Subcontractor for one of FSub 4's Component 1 clients, the CSAG will continue the active conduct of Business C independently and with its separate employees.

(bb) The Controlled SAG neither acquired Business C nor control of an entity conducting Business C during the five-year period ending on the date of the Distribution in a transaction in which gain or loss was recognized (or treated as recognized under Prop. Reg. § 1.355-3) in whole or in part, excluding in each case acquisitions that constitute expansions as contemplated by Treas. Reg. § 1.355-3(b)(3)(ii). FSub 4 will have been the principal owner of the goodwill and significant assets of Business C for tax purposes throughout the five-year period ending on the date of the Distribution. Following the Distribution, the CSAG will continue to be the principal owner of the goodwill and significant assets of Business C.

(cc) The Distribution is being carried out for the Corporate Business Purpose. The Distribution is motivated, in whole or substantial part, by the Corporate Business Purpose.

(dd) The Distribution is not used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both.

(ee) The total adjusted bases and the fair market value of the assets transferred to Controlled by Distributing in the Contribution will exceed the sum of (i) the amount of liabilities (if any) assumed (within the meaning of § 357(d)) by Controlled in connection with the exchange, (ii) the amount of any liabilities (if any) owed to Controlled by Distributing that are discharged or extinguished in connection with the exchange, and (iii) the amount of cash and the fair market value of any other property (other than stock and securities permitted to be received under § 361(a) without the recognition of gain) received by Distributing in connection with the exchange. The fair market value of the assets of Controlled will exceed the amount of its liabilities immediately after the Contribution.

(ff) Any liabilities assumed (within the meaning of § 357(d)) by Controlled in the Contribution were incurred in the ordinary course of business and are associated with the assets transferred to Controlled in connection with the Contribution.

(gg) No intercorporate debt will exist between Distributing (or any entity controlled directly or indirectly by Distributing) and Controlled (or any entity directly or indirectly controlled by Controlled) at the time of, or after, the Distribution, other than intercompany loans or other obligations that have arisen, or will arise, in the ordinary course of business from continuing transactions.

(hh) Other than business management services, corporate services, and services provided by Employees, which are charged under the services cost method in accordance with § 1.482-9, payments made in connection with all continuing transactions, if any, between Distributing and Controlled, will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(ii) No two parties to the transaction are investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(jj) For purposes of § 355(d), immediately after the Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(kk) For purposes of § 355(d), immediately after the Distribution, no person (determined after applying § 355(d)(7)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Controlled stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Controlled stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution or (ii) attributable to distributions on Distributing stock or securities that were acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of the Distribution.

(ll) The Distribution is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of either corporation).

(mm) Immediately after the transaction (as defined in § 355(g)(4)), (i) any person that holds a 50-percent or greater interest (within the meaning of § 355(g)(3)) in any disqualified investment corporation (within the meaning of § 355(g)(2)) will have held such an interest in such corporation immediately before the transaction, or (ii)

neither Distributing nor Controlled will be a disqualified investment corporation (within the meaning of § 355(g)(2)).

(nn) The Contribution by Distributing to Controlled of the Contributed Assets in exchange for shares of Controlled was not an exchange described in § 1.367(b)-4(b)(1)(i), § 1.367(b)-4(b)(2)(i), or § 1.367(b)-4(b)(3).

(oo) The notice requirements of § 1.367(b)-1(c)(1) will be met with respect to the transaction.

(pp) Distributing and Controlled were controlled foreign corporations, within the meaning of § 957(a), immediately before and after the Contribution.

(qq) Sub 2 was a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of Distributing and Controlled immediately before and immediately after the Contribution.

(rr) Distributing did not hold any United States real property interests, as defined in § 897(c)(1), immediately before or after the Contribution.

(ss) Distributing and Controlled will be controlled foreign corporations, within the meaning of § 957(a), immediately before and after the Distribution.

(tt) Sub 2 will be a § 1248 shareholder, within the meaning of § 1.367(b)-2(b), with respect to each of Distributing and Controlled immediately before and after the Distribution.

(uu) Controlled will not hold any United States real property interests, as defined in § 897(c)(1), immediately before or after the Distribution.

RULINGS

The Distributing Contribution

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Distributing Contribution:

(1) No gain or loss is recognized by Sub 2 on the transfer of Distributing stock to FSub 1 in exchange for FSub 1 stock (§ 351(a) and § 357(a)).

(2) The basis of the FSub 1 stock received by Sub 2 is the same as Sub 2's basis in the Distributing stock transferred by Sub 2 to FSub 1 (§ 358(a)(1) and § 358(d)).

(3) The holding period of the FSub 1 stock received by Sub 2 includes the holding period of the Distributing stock transferred to FSub 1, provided that the Distributing stock was held as a capital asset on the date of the Distributing Contribution (§ 1223(1)).

(4) No gain or loss is recognized by FSub 1 on the receipt of the Distributing stock in exchange for FSub 1 stock (§ 1032(a)).

(5) The basis in the assets received by FSub 1 is the same as the basis of the assets in the hands of Sub 2 immediately prior to the Distributing Contribution (§ 362(a)(1)).

(6) The holding period of the Distributing stock transferred to FSub 1 includes the holding period during which the Distributing stock was held by Sub 2 (§ 1223(2)).

(7) The Distributing Contribution qualifies for an exception to § 367(a)(1) under § 1.367(a)-3(b)(1).

(8) Sub 2 qualifies for an exception to § 367(a) upon entering into a 5-year gain recognition agreement pursuant to § 1.367(a)-8.

The Dividend

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Dividend:

(9) Other than the PTI Amount, the cash and property distributed by Distributing in the Dividend is treated as a distribution of property received by FSub 1 on Date 3 with respect to its Distributing stock within the meaning of § 301.

(10) Distributing recognizes gain on the distribution of any property distributed as part of the Dividend to the extent of the excess of fair market value over adjusted basis (§ 311).

The Distribution and the Contribution

Based solely on the information submitted and the representations set forth above, we rule as follows regarding the Distribution and the Contribution:

(11) The Contribution, followed by the Distribution, will be a reorganization within the meaning of § 368(a)(1)(D). Distributing and Controlled will each be “a party to a reorganization” within the meaning of § 368(b).

(12) No gain or loss will be recognized by Distributing on the Contribution (§ 361(a) and § 357(a)).

(13) No gain or loss will be recognized by Controlled on the Contribution (§ 1032(a)).

(14) The basis of each asset received by Controlled in the Contribution will equal the basis of that asset in the hands of Distributing immediately before the Contribution (§ 362(b)).

(15) The holding period of each asset received by Controlled in the Contribution will include the period during which Distributing held that asset (§ 1223(2)).

(16) No gain or loss will be recognized by Distributing on the Distribution (§ 361(c)(1)).

(17) No gain or loss will be recognized by (and no amount will be included in the income of) FSub 1 upon receipt of the Controlled stock in the Distribution (§ 355(a)(1)).

(18) The aggregate basis of the Distributing stock and the Controlled stock in the hands of FSub 1 immediately after the Distribution will equal the aggregate basis of the Distributing stock held by FSub 1 immediately before the Distribution, allocated between the stock of Distributing and Controlled in proportion to the fair market value of each immediately following the Distribution in accordance with § 1.358-2(a)(2) (§§ 358(b)(2) and (c)).

(19) The holding period of the Controlled stock received by FSub 1 in the Distribution will include the holding period of the Distributing stock on which the Distribution is made, provided the Distributing stock is held as a capital asset on the date of the Distribution (§ 1223(1)).

(20) Earnings and profits will be allocated between Distributing and Controlled in accordance with § 312(h) and § 1.312-10(a).

(21) The Contribution will be an exchange to which § 1.367(b)-1(c) and § 1.367(b)-4(a) apply. No amount will be included in income as a deemed dividend equal to the § 1248 amount under § 367(b) as a result of the Contribution.

(22) The Distribution will be an exchange to which § 1.367(b)-1(c), § 1.367(b)-5(a), § 1.367(b)-5(c), and § 1.367(b)-5(f) apply. If FSub 1's post-distribution amount (as defined in § 1.367(b)-5(e)(2)) with respect to Distributing or Controlled is less than its pre-distribution amount (as defined in § 1.367(b)-5(e)(1)) with respect to Distributing or Controlled, FSub 1's basis in such stock immediately after the Distribution must be reduced by the amount of the difference. However, FSub 1's basis in such stock must not be reduced below zero, and to the extent the foregoing reduction would reduce its basis below zero, FSub 1 must instead include such amount in income as deemed dividend from such corporation. If FSub 1 reduces the basis in the stock of Distributing or Controlled (or has an inclusion with respect to such stock), FSub 1 must increase its basis in the stock of the other corporation to the extent provided in § 1.367(b)-5(c)(4).

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. In particular, no opinion is expressed regarding:

- (i) Whether the Distribution satisfies the business purpose requirement of § 1.355-2(b);
- (ii) Whether the Distribution is being used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both (see § 355(a)(1)(B) and § 1.355-2(d));
- (iii) Whether the Distribution is part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest in Distributing or Controlled (see § 355(e) and § 1.355-7);
- (iv) Whether there are any other consequences under § 367(a) and § 367(b) with respect to Distributing or Controlled, including with respect to adjustments to earnings and profits or deficits in earnings and profits;
- (v) Whether any or all of the above-referenced foreign corporations are passive foreign investment companies within the meaning of § 1297(a) of the Code. If it is determined that any or all of the above described foreign corporations are passive foreign investment corporations, no opinion is expressed with respect to the application of § 1291 through § 1298 to the Proposed Transaction. In particular, in a transaction in which gain is otherwise recognized, regulations under § 1291(f) may require gain recognition notwithstanding any other provision of the Code; and
- (vi) The Federal income tax treatment of steps (v) and (vi).

PROCEDURAL MATTERS

This ruling letter is directed only to the taxpayers who requested it. See § 6110(k)(3), which provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Lewis K Brickates
Branch Chief, Branch 4
(Corporate)

cc: